
ST. TAMMANY COUNCIL ON THE AGING, INC.

FINANCIAL STATEMENTS AND SCHEDULES

JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/2/08



Postlethwaite & Netterville

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ST. TAMMANY COUNCIL ON THE AGING, INC.

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
St. Tammany Council on the Aging, Inc.

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Tammany Council on the Aging, Inc. (the Council) as of and for the year ended June 30, 2007, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Tammany Council on the Aging, Inc. as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 and budgetary comparison information on pages 45 through 50, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying combining schedule of revenues, expenditures, and changes in fund balance – nonmajor governmental funds and the comparative schedule of capital assets and changes in capital assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



New Orleans, Louisiana
December 28, 2007

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS **YEAR ENDED JUNE 30, 2007**

The Management's Discussion and Analysis of St. Tammany Council on the Aging, Inc. (the Council), presents a narrative overview of the financial performance and activities of the Council for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Also, this document should be read in conjunction with the basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of \$175,588, or 11.9%.
- Net capital assets of the Council increased by \$658,809, or 220.4%.
- The Council's fund revenues increased by \$374,128, or 18.7%.
- The Council's fund expenditures increased by \$576,560, or 33.1%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$1,203,874, at June 30, 2007, which is a \$70,212 or 6.2% increase from the prior year.
- No deficit fund balances existed as of June 30, 2007.
- At June 30, 2007 the Council's special revenue fund for Utility Assistance had a fund balance of \$5,600. This was the only special revenue fund that had a fund balance at year-end.
- The Council purchased property and an office building for \$629,592 during fiscal year 2007 and financed a portion of the purchase with a \$522,000 note payable from a local bank. The Council made \$946 in principal repayments during the year.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on page 14) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 16. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The Council's auditor has provided assurance in the independent auditor's report, located immediately before this Management's Discussion and Analysis, that the basic financial statements are fairly stated. The auditor also provides in the report assurance about the Supplementary Financial Information required by GASB Statement 34, GOEA, and OMB Circular A-133 that follow later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Management's analysis of the Council as a whole begins on page 3. An important point to consider is whether the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
YEAR ENDED JUNE 30, 2007

The government-wide financial statements report the Council's net assets and changes in them. As of June 30, 2007, \$71,787 of the net assets are restricted, which means they can only be used for a specific purpose, whereas \$1,146,411 of the net assets are unrestricted, meaning they can be used for any program at management's discretion. Additionally, the Council has \$436,673 invested in capital assets, net of related debt, giving it \$1,654,871 in total Net Assets. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, the expansion or contraction of programs and services, and the impact of Hurricane Katrina.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of nine primary programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, Alzheimer's caregiver assistance, senior citizen center operations, Senior Olympics, and Resource Festival. Subprogram activities are also presented to facilitate additional analysis. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from property taxes, governmental grants and contracts, along with donations from the general public, to provide services at little or no charge to the general public, or a segment of the general public, such as the elderly. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity.

The Council does not have any business-type activities nor did it directly charge a fee to any eligible person receiving any registered service during the year. However, to help offset the costs of providing its services, the Council charged \$1,295 for transportation services. In addition, the Council held a major event, the Senior Olympics, in which participation required a fee. The Council received \$6,055 in entry fees and the money was used to offset the costs of holding the event. The Council also held a Resource Festival and charged a booth fee of \$150 to each company wanting to participate in the festival. A total of \$5,550 in booth fees was collected. Finally, the Council rented Hadden Hall for \$3,420 to other organizations to hold activities in the senior center.

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS

The Fund Financial Statements on pages 16 and 17 provide detailed information about the Council's most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, three Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Non Major Funds". The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left as of June 30, 2007 that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balances for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19 to 44 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present to the Council's financial statement users. Management did not consider any fund that did not meet one of the 10% quantitative criteria to be a major fund this year.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 51 and 52. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants it has with the Council.

SUPPLEMENTAL INFORMATION REQUIRED BY OMB CIRCULAR A-133

OMB Circular A-133 requires a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule presents information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council. (See page 53)

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following amounts reflect condensed information on the Council's net assets:

	2007	2006	Increase/(Decrease)	
			Amount	Percent
Current and Other Assets:				
Current Assets	\$ 1,332,988	\$ 1,221,272	\$ 111,716	9.1%
Long-term Investments	-	75,000	(75,000)	-100.0%
Capital Assets, net of depreciation	957,727	298,918	658,809	220.4%
Security Deposit - AAA Office	1,400	1,400	-	0.0%
Total Assets	2,292,115	1,596,590	695,525	43.6%
Current Liabilities	136,934	117,307	19,627	16.7%
Notes payable, net of current portion	500,310	-	500,310	100.0%
Total Liabilities	637,244	117,307	519,937	443.2%
Net Assets:				
Invested in Capital Assets	436,673	298,918	137,755	46.1%
Restricted	71,787	81,659	(9,872)	-12.1%
Unrestricted	1,146,411	1,098,706	47,705	4.3%
Total Net Assets	\$ 1,654,871	\$ 1,479,283	\$ 175,588	11.9%

As of June 30, 2007, the Council "as a whole" had assets greater than its liabilities of \$1,654,871, whereas at the end of last year the Council's net assets were \$1,479,283. About 69% and 74% of the Council's total net assets are unrestricted as of June 30, 2007 and 2006, respectively. Unrestricted net assets are important because they provide the financial resources management will need to adapt to changes in the economy, emergencies, unanticipated service needs, and a reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 4.3% (5.5% for 2006) of the Council's total net assets as of June 30, 2007. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets invested in capital assets are presented net of any related outstanding debt to acquire them. For the year presented, there is \$521,054 of debt subtracted from the capital asset amount due to a notes payable that was secured to finance a portion of the purchase of a new administration building during fiscal year 2007.

The Council has one \$75,000 certificates of deposit as of June 30, 2007, which matures on October 2, 2008. The certificate of deposit represents funds set aside to cushion any unexpected loss of revenue that might adversely impact the Council's ability to continue current service levels. Interest income of \$2,417 was received from the investment in FY 2007 and \$4,973 in FY 2006.

Current liabilities consist primarily of accounts payable to vendors totaling \$95,178 (\$83,480 in FY 2006) and payroll related liabilities that are due in the normal course of operations totaling \$1,819 (\$2,872 in FY 2006). Also included is \$19,193 (\$16,433 for FY 2006) for compensated absences that represents the Council's aggregate liability for unpaid vacation leave that its employees had earned, but not taken as of June 30, 2007.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

The table on the following page illustrates the revenues and expenses that produced the increase in net assets for the fiscal year.

<u>Revenues</u>	<u>2007</u>	<u>% of Total</u>	<u>2006</u>	<u>% of Total</u>
Program Revenues:				
Operating Grants and Contributions	\$ 886,233	38.05%	\$ 845,915	39.23%
Capital Grants and Contributions	164,710	7.07%	97,000	4.50%
Charges for Services	16,320	0.70%	22,464	1.04%
General Revenues:				
Property Taxes	912,676	39.18%	690,546	32.02%
Unrestricted Grants and Contributions	259,659	11.15%	295,570	13.71%
State Revenue Sharing	33,003	1.42%	27,654	1.28%
Interest Income	51,493	2.21%	23,384	1.08%
Net Gain from Insurance Recovery on Casualty Loss	-	0.00%	152,890	7.09%
Other General Revenues	5,112	0.22%	999	0.05%
Total Revenues	2,329,206	100.00%	2,156,422	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Functions:				
Supportive Services:				
Transportation of the elderly	739,994	34.36%	499,879	30.12%
Other Supportive Services	166,277	7.72%	79,820	4.81%
Nutrition Services:				
Congregate Meals	408,999	18.99%	182,589	11.00%
Home-delivered Meals	523,909	24.33%	309,163	18.63%
Disease Prevention and Health Promotion	14,557	0.68%	2,054	0.12%
Family Caregiver Support	63,396	2.94%	58,280	3.51%
Alzheimer's Caregiver Assistance	104,662	4.86%	66,913	4.03%
Senior Center Operations	28,566	1.33%	47,942	2.89%
Senior Olympics	24,595	1.14%	25,920	1.56%
Senior Citizen Activities	-	0.00%	9,309	0.56%
Resource Festival	7,845	0.36%	4,407	0.27%
Direct Administrative Expenses	70,818	3.29%	373,389	22.50%
Total Expenses	2,153,618	100.00%	1,659,665	100.00%
Increase in Net Assets	175,588		496,757	
Net Assets, beginning of the year	1,479,283		982,526	
Net Assets, end of the year	\$ 1,654,871		\$ 1,479,283	

The table above presents in a more summarized version the revenues and expenses of the Council's governmental activities for FY 2007 and FY 2006.

The majority of the Council's activities are funded by a local property tax and federal and state grants.

One of the Council's largest sources of revenues in both years was from a local property tax. The gross proceeds of the property tax were \$944,146 for this year compared to \$713,676 for last year. The St. Tammany Parish Sheriff withheld \$31,470 in FY 2007 (\$23,130 in FY 2006) of the gross proceeds to pay for the Council's pro-rata share of parish-wide expenses, which resulted in the Council receiving net property tax proceeds of \$912,676 for FY 2007 and \$690,546 for FY 2006.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

In the Statement of Activities, the net proceeds of the property taxes has been presented as general revenues because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Sheriff rather than add it to the Council's administrative expenses because it is in substance not an administrative expense of the Council. The net proceeds of the property tax represent 39% (32% for FY 2006) of the Council's total governmental activity revenue this year.

Program revenues, which are comprised mainly of government grants and restricted public support, amounted to \$1,067,263 this year (\$965,379 last year), or about 46% this year (45% last year) of the Council's total governmental activity revenues. These revenues must be used for the purposes for which they were given or granted to the Council.

The Council also received \$259,659 (\$295,570 last year) of unrestricted public support and grants, which was available for management to use at its discretion. This type of revenue comprised about 11.1% of the Council's revenues in 2007 versus 13.7% last year.

The expenses in the table above have been presented by primary programs, with some details about significant subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. The expense allocations are a good indication of the demand for each type of service.

The Council had a \$175,588 increase (\$496,757 increase last year) in its net assets for the year. This is a change of \$321,169 between FY 2007 and FY 2006.

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Tammany Parish and right now these two services are in the greatest demand. However, there is a growing demand for in-home type services and services geared to help individuals stay in their homes and remain in the community. These in-home services include homemaker, Alzheimer's caregiver assistance, and family caregiver type services. The Council's management has identified caregiver services as a priority and plans to adjust its budget to reallocate available resources to meet the demands of this program and other in-home programs.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that virtually all of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. Management's ability to provide these governmental activities is heavily dependent upon general revenues, particularly the local property tax. This financial relationship is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, management would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services, as well as reallocating them to meet future demands.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

Another indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year, as well as calculating the percentage administration expenses bears in relation to total expenses. For 2007, total administration expenses were \$639,498 (\$373,389 for FY 2006), or 29.7% of total current year expenses (22.5% last year). Administration expenses include indirect type costs, meaning these are costs are not specifically identified with a particular program, but benefit all programs.

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund Balances

The Council showed a combined governmental fund balance of \$1,221,224 (as shown on the Fund Financial Statements Balance Sheets on page 16) at the end of this year, which is an increase of \$52,566 over the prior year's combined fund balance of \$1,168,658. The General Fund increased by \$51,042 this year, and the combined fund balances of the Special Revenue Funds increased by \$1,164.

Revenues

The combined fund revenues increased \$274,553 this year, as shown in the table below.

	2007	2006	Increase/(Decrease)	
			Amount	Percent
Property Taxes	\$ 962,443	\$ 685,536	\$ 276,907	40.4%
Intergovernmental	1,165,485	975,211	190,274	19.5%
Public Support	67,320	287,810	(220,490)	-76.6%
Interest Income	51,493	23,384	28,109	120.2%
Program Service Fees	10,770	16,164	(5,394)	-33.4%
Special Events & Fundraising	10,451	9,502	949	10.0%
Miscellaneous	5,112	914	4,198	459.3%
Total Revenues	\$ 2,273,074	\$ 1,998,521	\$ 274,553	13.7%

The most significant increase in revenues was property tax revenue, which increased approximately \$277,000 or 40.4%, primarily due to an increase in property tax assessments.

The most significant decrease in revenues was in the public support area. In FY 2006, the Council received a \$135,000 contribution from Zennoh Grain Corporation and \$97,000 of contributions from the Rotary. These contributions were unexpected and came about only because the entities wanted to help the Council recover from the adverse effects of Hurricane Katrina.

Intergovernmental revenues increased by about \$190,000 this year primarily because the Council took part in the legislative session with other Councils and the Governor's Office of Elderly Affairs to increase funding, which had not been increased since the 1970's. The Council also received \$20,002 of disaster assistance revenues as a supplemental emergency transportation grant and \$58,811 of disaster assistance grants from the Federal Emergency Management Agency (FEMA) to pay for uninsured damages resulting from Hurricane Katrina.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

Interest income increased \$28,109 (about 120%) in FY 2007 versus \$9,611 (about 70%) in FY 2006 because of rising interest rates and the Council's increase in revenues over expenditures.

The 33% decrease in program service fees was primarily due to the Council discontinuing contract transportation services to nursing homes in the Parish at the end of August 2005.

All other revenue categories did not increase or decrease significantly from last year. Accordingly, management has not provided any discussion.

Expenditures

Total combined fund expenditures increased by \$998,985 this year, as shown in the table below.

	2007	2006	Increase/(Decrease)	
			Amount	Percent
Personnel	\$ 716,308	\$ 533,979	\$ 182,329	34.1%
Fringe	187,299	127,160	60,139	47.3%
Travel	21,661	48,233	(26,572)	-55.1%
Operating Services	319,706	236,564	83,142	35.1%
Operating Supplies	151,180	108,120	43,060	39.8%
Other Costs	54,560	39,874	14,686	36.8%
Full Service Contracts	113,336	115,234	(1,898)	-1.6%
Meals	437,402	273,691	163,711	59.8%
Utility Assistance	8,533	4,914	3,619	73.6%
Caregiver Vouchers	42,417	42,212	205	0.5%
Debt Service	4,704	-	4,704	100.0%
Capital Outlay	653,932	190,412	463,520	243.4%
Intergovernmental	31,470	23,130	8,340	36.1%
	<u>\$ 2,742,508</u>	<u>\$ 1,743,523</u>	<u>\$ 998,985</u>	<u>57.3%</u>

Personnel costs increased as compared to FY 2006 because the Council hired additional employees to replace those lost after the hurricane, provided raises to employees, and reorganized some of the positions, which resulted in wage increases.

Fringe expenditures rose by about \$60,000 in FY 2007 over last year primarily because of (1) a \$36,000 increase in workman's compensation premiums, (2) a \$15,000 increase in payroll taxes due to the overall increase in employees, and (3) a \$34,000 increase in employee insurance premiums.

The decrease in travel expenditures relates to an overall decrease in travel throughout all of the Council's programs. Management has attempted to better monitor travel requests made by employees and match them with client and agency needs to be more efficient in this area of expenditure.

Operating service expenditures increased about \$83,000 in 2007 from 2006 because (1) rent and utilities increased by about \$27,000, (2) maintenance costs increased by \$11,000, (3) insurance costs increased by about \$19,000 due to rising premiums, (4) printing costs increased by about \$13,000 and (5) accounting and auditing services increased by about \$16,000.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

Operating supplies increased by about \$43,000 from last year because (1) gasoline costs increased by \$15,000, and (2) office and facility supplies increased by \$24,000.

Other costs increased by about \$14,700 primarily due to an increase in training costs.

Meals costs increased in FY 2007 as a result of partially restored operations to the Parish and the Slidell senior citizens center after heavy damage from Hurricane Katrina.

Utility assistance was more than last year because the Council received more public support from the utility companies so the Council had additional money available to provide assistance this year.

Caregiver vouchers expenditures remained about the same for both 2007 and 2006.

The capital outlay expenditures increased approximately \$464,000 because the Council purchased property and an office building in the amount of \$629,592. In comparison, the Council purchased five vehicles at a total cost of \$186,174 in FY 2006.

Intergovernmental expenditures increased slightly. This expenditure is totally dependent upon what the Sheriff's office withholds each year from the Council's gross property tax collections to pay for the Council's share of pension costs for other governments.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The Council's budget was amended once during the fiscal year with the Board of Director's approving the final amendment on April 19, 2007. The amendment effectively approved any expenditure already incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures, and to prevent compliance violations under the Council's grants from GOEA.

A schedule of the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 45.

On both the original budget and the amended final budget, management predicted the Council would operate this year at a "breakeven" level. However, when comparing the final budget to actual amounts for the General Fund, the reader will note the Council had a net favorable variance of \$51,402. This net favorable variance can be attributed primarily to better than expected revenues (\$150,720) offset primarily by more capital outlays and transfers out than initially anticipated (\$53,113 and \$54,944, respectively).

The explanations above account for the most significant variances for the General Fund's budget. However, there are some other variances that resulted from management not having made an estimate as to how much the Council was going to receive and expend for certain categories, such as, state revenue sharing, restricted public support, program service fees, interest income, special events & fundraising, full service expenditures, and intergovernmental expenditures. These revenue and expenditure categories should have been budgeted but were not. This was just an administrative error on management's part. The remaining variances within the General Fund are within the expectations of management. The General Fund's budget can be reviewed on page 45.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

AN ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2007, the Council had \$957,727 in capital assets net of accumulated depreciation. This amount is a net increase over last year of \$658,809.

Capital Assets, Net of Depreciation

	2007	2006	Increase (Decrease)
Building	\$ 626,094	\$ -	\$ 626,094
Vehicles	315,102	281,656	33,446
Office Furniture & Equip.	1,513	2,353	(840)
Comp. Equip. & Software	3,428	2,053	1,375
Leasehold Improvements	9,823	10,578	(755)
Nutrition Equipment	1,767	2,278	(511)
	<u>\$ 957,727</u>	<u>\$ 298,918</u>	<u>\$ 658,809</u>

During FY 2007, the Council purchased property and an office building for a total cost of \$629,592, of which \$522,000 was financed through a note payable with a local bank. The Council also acquired three vehicles to add to its transportation fleet, replacing the remaining vehicles lost during the hurricane. The total cost of the three vehicles was \$121,247. The Council also purchased other equipment that cost \$2,669. In FY 2007, no capital assets were sold, but the Council retired one van with no net book value at the time of retirement due to high maintenance costs. Depreciation expense for the year was \$94,698 and as of June 30, 2007, the total accumulated depreciation was \$363,675.

During FY 2006, the Council acquired five vehicles to add to its transportation fleet, but lost eight in the hurricane. The total cost of the five vehicles was \$212,596. The Council also purchased other equipment that cost \$4,238. In FY 2006, no capital assets were sold, but the Council traded in a van (net book value at the time of trade-in was \$26,422) that it had bought during the year to acquire two of the five replacement vans. The other capital asset dispositions during the year all related to assets that were destroyed by the hurricane. The cost of the assets destroyed was \$287,062 whereas the related accumulated depreciation was \$254,425 (net book value \$32,637). Depreciation expense for the year was \$127,578 and as of June 30, 2007 the total accumulated depreciation was \$308,896.

As of June 30, 2006 the Council's fleet consisted of fifteen vehicles, including both FTA and privately owned. 13 of the 15 vans were considered operational. As of June 30, 2007 the Council had acquired three additional vehicles and traded in one fully depreciated vehicle for a total of 17 vehicles. The Council had already deposited the funds (\$14,276) for its share of the "match" to acquire these two vans.

As of June 30, 2007, the Council has a note payable balance of \$521,054 related to the purchase of the new building in FY 2007. The monthly note payments are approximately the same amount as the monthly rental of the previous building. The Council made \$946 in principal repayments during the year.

ST. TAMMANY COUNCIL ON THE AGING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year to year.

In setting its budget for fiscal year 2008, it was important to management that at least the same level of service be delivered to clients and the public as were provided in FY 2007. All the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2008. There have been no significant changes to the funding levels or terms of the grants and contracts. Management has budgeted \$2,445,232 of revenues and expenditures for the Council's programs in FY 2008. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's initial budget for fiscal year 2008.

The Council also receives a significant amount of revenue from a property tax and based on current information available, it appears that the Council will continue to receive at least the same amount of property taxes in 2008 as it did in 2007. In the event property values are adjusted downward producing a decline in property tax revenues, management believes it has sufficient unrestricted and unreserved funds available to absorb the impact and not have to cut services to its clients.

The hurricane also damaged the Slidell Senior Center extensively. Arrangements were made to replace the Slidell Senior Center that was destroyed by Hurricane Katrina. Currently, a site is being rented. The Council continues to seek an appropriate site to purchase and the related funding for the purchase.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Mary Toti, Executive Director, P.O. Box 171, Covington, Louisiana, 70434 (physical address - 72060 Ramos Avenue, Covington, Louisiana, 70433); (985) 892-0377; coast@coastseniors.org.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY COUNCIL ON THE AGING, INC.**STATEMENT OF NET ASSETS****JUNE 30, 2007****ASSETS**

Cash and cash equivalents	\$ 1,164,068
Short-term investments	75,000
Receivables	83,570
Prepaid insurance	10,350
Deposit - security deposit for main office lease	1,400
Capital assets, net of accumulated depreciation	<u>957,727</u>
Total Assets	<u><u>\$ 2,292,115</u></u>

LIABILITIES AND NET ASSETS

Accounts payable to various vendors	\$ 95,178
Other payroll withholdings and related expenses	1,819
Compensated absences - unpaid accumulated vacation leave	19,193
Note payable:	
Due in one year	20,744
Due in more than one year	<u>500,310</u>
Total Liabilities	<u><u>\$ 637,244</u></u>
Net Assets:	
Invested in Capital Assets, net of related debt	\$ 436,673
Restricted for:	
Hadden Hall Senior Citizen Activities	14,187
Utility Assistance	5,600
Slidell Senior Center's Roof	52,000
Unrestricted	<u>1,146,411</u>
Total Net Assets	<u><u>\$ 1,654,871</u></u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

Function/Programs	Direct Expenses	Indirect Expenses	Charges for Services	Program Revenues		Capital Grants and Contributions	Net (Expense)
				Operating Grants and Contributions			Revenue and Increase (Decrease) in Net Assets
							Total Governmental Activities
Governmental Activities							
Health, Welfare & Social Services:							
Supportive Services:							
Transportation	\$ 539,776	\$ 200,218	\$ 1,295	\$ 288,670	\$ 107,815	\$	(342,214)
Homemaker	36,713	2,447	-	8,389	-		(30,771)
Legal	10,000	-	-	2,142	-		(7,858)
Information and Assistance	25,329	11,245	-	7,835	-		(28,739)
Outreach	1,507	669	-	466	-		(1,710)
Recreation	24,876	11,044	-	7,695	-		(28,225)
Medic Alert	19,722	5,109	-	5,320	-		(19,511)
Other Services	6,290	2,793	-	5,050	-		(4,033)
Utility Assistance	8,533	-	-	9,697	-		1,164
Nutrition Services:							
Congregate Meals	284,406	124,593	-	125,473	-		(283,526)
Home Delivered Meals	364,096	159,813	-	216,011	-		(307,898)
Disease Prevention and Health Promotion	10,123	4,434	-	7,927	-		(6,630)
Family Caregiver Support	57,488	5,908	-	57,380	-		(6,016)
Alzheimer's Caregiver Assistance	72,723	31,939	-	79,533	-		(25,129)
Senior Center Operations	20,098	8,468	3,420	-	56,895		31,749
Senior Olympics	24,595	-	6,055	7,075	-		(11,465)
Resource Festival	7,845	-	5,550	4,901	-		2,606
Administration	639,498	(568,680)	-	52,669	-		(18,149)
Total governmental activities	\$ 2,153,618	\$ -	\$ 16,320	\$ 886,233	\$ 164,710	\$	(1,086,355)
General Revenues:							
Grants and contributions not restricted to specific programs					\$ 259,659		
State Revenue Sharing					33,003		
Property Taxes, net of \$31,470 retained by the Parish					912,676		
Miscellaneous Income					5,112		
Interest Income					51,493		
Total general revenues and special items						1,261,943	
Increase in net assets						175,588	
Net assets - beginning of the year						1,479,283	
Net assets - end of the year						<u>\$ 1,654,871</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.FUND BALANCE SHEETSJUNE 30, 2007

	General Fund	Title III B	Title III C-1	Title III C-2	Non- Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,093,949	\$ 12,694	\$ 12,751	\$ 32,253	\$ 12,421	\$ 1,164,068
Investments	75,000	-	-	-	-	75,000
Receivables:						
Property Taxes - St. Tammany Parish Sheriff	30,328	-	-	-	-	30,328
Governor's Office of Elderly Affairs	-	-	-	-	13,226	13,226
St. Tammany Parish Government	-	-	-	-	32,988	32,988
State of Louisiana Department of Homeland Security	6,324	-	-	-	-	6,324
Participant contributions	-	622	82	-	-	704
Prepaid expenditures	10,350	-	-	-	-	10,350
Security deposit for main office lease	1,400	-	-	-	-	1,400
Due from other governmental funds	46,214	-	-	-	-	46,214
Total Assets	\$ 1,263,565	\$ 13,316	\$ 12,833	\$ 32,253	\$ 58,635	\$ 1,380,602
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable to various vendors	\$ 29,955	\$ 13,316	\$ 12,833	\$ 32,253	\$ 6,821	\$ 95,178
Other payroll withholdings and related expenses	1,819	-	-	-	-	1,819
Deferred property tax revenue	9,843	-	-	-	-	9,843
Deferred revenue - FEMA	6,324	-	-	-	-	6,324
Due to other governmental funds	-	-	-	-	46,214	46,214
Total Liabilities	47,941	13,316	12,833	32,253	53,035	159,378
Fund Balances						
Reserved, reported in:						
General Fund:						
Prepaid expenditures	10,350	-	-	-	-	10,350
Security deposit for main office	1,400	-	-	-	-	1,400
Unreserved/Undesignated, reported in:						
General Fund						
1,203,874	-	-	-	-	-	1,203,874
Special Revenue Funds						
-	-	-	-	-	5,600	5,600
Total Fund Balances	1,215,624	-	-	-	5,600	1,221,224
Total Liabilities and Fund Balances	\$ 1,263,565	\$ 13,316	\$ 12,833	\$ 32,253	\$ 58,635	

Amounts reported for governmental activities in the statement of net assets are different because

- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds	(19,193)
- Notes payable are not due and payable in the current period and accordingly are not reported as liabilities in the governmental funds	(521,054)
- Deferred property tax revenue are expected to be collected, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in governmental funds	9,843
- Deferred revenue from FEMA is expected to be collected, but is not available soon enough to pay for the current period's expenditures, and therefore are not recorded in governmental funds	6,324
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds	957,727

Net Assets of Governmental Activities

\$ 1,654,871

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2007

	General Fund	Title III B	Title III C-1	Title III C-2	Nonmajor Funds	Total Governmental Funds
REVENUES						
Intergovernmental:						
Governor's Office of Elderly Affairs (GOEA) - primary grants	\$ 63,521	\$ 173,298	\$ 103,123	\$ 133,162	\$ 408,771	\$ 881,875
St. Tammany Parish Government	20,002	-	-	-	146,294	166,296
Office of Homeland Security and Emergency Preparedness	58,811	-	-	-	-	58,811
State Revenue Sharing	33,003	-	-	-	-	33,003
City of Slidell	21,000	-	-	-	-	21,000
City of Mandeville	2,500	-	-	-	-	2,500
City of Covington	2,000	-	-	-	-	2,000
Property Taxes	962,443	-	-	-	-	962,443
Public Support (Restricted):						
Client contributions for specific services	-	5,975	22,350	10,987	-	39,312
Sponsorships & Donations for Senior Olympics	7,075	-	-	-	-	7,075
Utility Companies for Utility Assistance	-	-	-	-	9,697	9,697
Public Support (Unrestricted):						
General public donations	11,236	-	-	-	-	11,236
Programs Service Fees (charges for services):						
Transportation	-	1,295	-	-	-	1,295
Entry Fees for Senior Olympics	6,055	-	-	-	-	6,055
Other Fees	3,420	-	-	-	-	3,420
Interest Income	51,493	-	-	-	-	51,493
Special Events and Fundraising	10,451	-	-	-	-	10,451
Miscellaneous Income	5,112	-	-	-	-	5,112
Total revenues	1,258,122	180,568	125,473	144,149	564,762	2,273,074
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Personnel	2,407	361,943	119,386	135,774	96,798	716,308
Fringe	629	94,641	31,217	35,502	25,310	187,299
Travel	56	5,803	7,879	6,530	1,393	21,661
Operating Services	2,163	173,381	43,982	64,952	35,228	319,706
Operating Supplies	13,092	103,092	8,472	19,737	6,787	151,180
Other Costs	1,727	20,664	9,257	11,873	11,039	54,560
Full Service Contracts	19,900	49,414	-	-	44,022	113,336
Meals	-	-	188,083	249,319	-	437,402
Utility Assistance	-	-	-	-	8,533	8,533
Caregiver Vouchers	-	-	-	-	42,417	42,417
Debt Service:						
Principal retirement	946	-	-	-	-	946
Interest and bank charges	3,758	-	-	-	-	3,758
Capital Outlay	653,932	-	-	-	-	653,932
Intergovernmental	31,470	-	-	-	-	31,470
Total expenditures	730,080	808,938	408,276	523,687	271,527	2,742,508
Excess of revenues over (under) expenditures	528,042	(628,370)	(282,803)	(379,538)	293,235	(469,434)
OTHER FINANCING SOURCES (USES)						
Note payable proceeds	522,000	-	-	-	-	522,000
Operating transfers in	-	628,370	282,803	379,538	37,735	1,328,446
Operating transfers out	(998,640)	-	-	-	(329,806)	(1,328,446)
Net increase in fund balance	51,402	-	-	-	1,164	52,566
FUND BALANCE						
Beginning of year	1,164,222	-	-	-	4,436	1,168,658
End of year	\$1,215,624	\$ -	\$ -	\$ -	\$ 5,600	\$ 1,221,224

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Net Increase in Fund Balances - Total Governmental Funds \$ 52,566

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which capital outlays exceed depreciation in the current period.

Capital outlays	\$ 753,507	
Depreciation expense	<u>(94,698)</u>	658,809

Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Loan proceeds	(522,000)	
Principal repayments	<u>946</u>	(521,054)

Because some revenues will not be received within 60 days of the end of the fiscal year, they are not considered "available" revenues in the governmental funds. As a result, they are presented as deferred revenues in the fund financial statements. In contrast, they are recorded as revenues in the Statement of Activities of the year in which they were due.

(11,973)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences - unpaid accumulated vacation leave		<u>(2,760)</u>
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Increase of Net Assets of Governmental Activities		<u>\$ 175,588</u>
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The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(1) Purpose of the Council on Aging and Summary of Significant Accounting Policies

The accounting and reporting policies of St. Tammany Council on the Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging:

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in St. Tammany Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services of other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Specific services provided by the Council to the elderly residents of St. Tammany Parish include providing congregate and home delivered meals, nutritional education, information and assistance, outreach, material aid, home repairs, medication management, medic alert units, in-home respite, personal care, sitter services, support groups, public education, senior centers, utility assistance, homemakers, recreation, legal assistance, wellness, Alzheimer's caregiver assistance, and transportation. The Council also provides transportation services to the general public of the St. Tammany Parish.

b. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention to administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

St. Tammany Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on April 4, 1967 and subsequently incorporated on September 5, 1968 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of St. Tammany Parish. Nominations to fill expiring terms of board members are made in June to the Council's Membership Committee that will consider and screen the nominations. The Membership Committee nominates who it believes to be the best-qualified persons to the full board. The members of the Council elect board members at their annual membership meeting in July. Any adult citizen of St. Tammany Parish may register to be a "member" of the Council. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, The Financial Reporting Entity, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

c. Basis of Presentation of the Basic Financial Statements:

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues and property tax revenues.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

In the government-wide Statement of Net Assets only one column of numbers has been presented. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as, intergovernmental revenues, property taxes, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses". GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Contributions, property taxes, grants, interest income, special event, fundraising, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence, and are separately reported below general revenues. There were no special items this year.

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year, no additional funds were deemed to be major funds by management. The non-major funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

The General Fund is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following are brief descriptions of the programs that comprise the Council's General Fund:

Local

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditure, are generally recorded in the local program. Because these funds are mostly unrestricted, they are often transferred to other programs and funds to eliminate deficits in cases where the expenditures of the other programs and funds exceeded their revenues.

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PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefiting people who are at least 60 years old. In fiscal year 2007, the Council transferred its PCOA funds to Title III B, Supportive Services, to provide additional funds to pay for program expenditures.

Senior Citizen Activities

The Council operates centers in Slidell, Lacombe, Covington, Mandeville, Folsom, Bush, and Pearl River. The participants at some of these centers generally solicit public support through activities to help offset the costs of their activities which are not paid for by GOEA's primary grant for senior centers. The types of activities used to raise these funds consist of craft sales, raffles, dances, recycling aluminum cans, and refreshment sales. The revenues and related expenditures for senior center activities are maintained separately within the Council's general ledger.

Senior Olympic Games

During the year, the Council sponsored the Senior Olympic Games for the elderly of St. Tammany Parish. The event was held from April 18, 2007 thru May 5, 2007. Public support for this program was provided from various businesses and non-profit entities of St. Tammany Parish.

Approximately 300 people participated in the senior games. The Council intends to hold this event each year.

Resource Festival

In July 2007, the Council held its annual Resource Festival, which is an event designed to bring the elderly of the parish into contact with persons and companies that provide goods and services that can help the elderly improve the quality of their life styles and educate them about health and medical issues. The revenues received from the sponsors of the Resource Festival and the related costs to hold this function have been accounted for in the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or non-major governmental fund:

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Major Governmental Funds:

Title III B Fund

The Title III B Supportive Services Fund accounts for funds used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

<u>Service</u>	<u>Units</u>
Homemaker	1,681
Legal Assistance	157
Material Aid	2,188
Outreach	191
Recreation	17,410
Transportation	28,104
Utility Assistance	82
Medic Alert	243
Information & Assistance	1,118

Revenues generated by providing transportation services were \$8,280 and have been reported in this fund as program service fees. These revenues have been used to offset the costs associated with generating the service revenues.

Title III C-1 Fund

The Title III C-1 Fund accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout St. Tammany Parish. The Council maintains meal sites in Slidell, Mandeville, Covington, Lacombe, Folsom, Bush, and Pearl River. During the year, the Council served 55,558 meals to people eligible to participate in this program.

Title III C-2 Fund

Title III C-2 Fund accounts for funds used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 109,960 meals during the year to people eligible to participate in this program.

Non-Major Governmental Funds:

Title III C Area Agency Administration (AAA) Fund

The Tide III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year, GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the aging. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are

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completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative type costs.

Title III D Fund

The Title III D Fund accounts for funds used for wellness, which includes disease prevention and health promotion activities. During the year, 2,474 units of wellness type services and 243 units of medication management services were provided to eligible participants in this program.

Title III E Fund

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: Adult Day Care, Adult Health Care, Material Aid, Case Management, Personal Care, Counseling, Support Groups, Respite Care, Sitter Service, and Information and Assistance. Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 1,118 units of information and assistance, 1,916 units of in-home respite, 267 units of material aid, 370 units of personal care, 131 units of support group services, 283 units of public education.

Senior Center Fund

The Senior Center Fund accounts for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center where elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The primary senior centers for the Parish are located in Slidell and Covington. However, the Slidell center was heavily damaged by Hurricane Katrina on August 29, 2005 and has not reopened.

In addition, satellite senior centers are located in Lacombe, Mandeville, Pearl River, Folsom, and Bush. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, management transferred \$108,550 of this year's Senior Center grant funds (\$136,300) to the Title III B Fund to pay for supportive social services. The remaining funds (\$27,750) were used to pay for the operation costs for the senior centers.

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NSIP Fund

The NSIP Fund is used to account for the administration of Nutrition Services Incentive Program (NSIP) funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through" the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. Using this formula, the Council receives from GOEA approximately 60 cents per congregate and home-delivered meal it serves. The primary purpose of the NSIP reimbursement is to provide money to buy food that will be used in the preparation of congregate and home-delivered meals under nutrition service programs. The food that is purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

Alzheimer's Caregiver Assistance Fund

This program was started during FY 2005 by GOEA to improve the responsiveness of Louisiana's overall system of home and community based care to the needs and preferences of persons with Alzheimer's disease and their caregivers. St Tammany's role in this effort was to test using vouchers as a means to help family caregivers purchase desired goods and services in their effort to care for persons who have Alzheimer's disease. There is a preapproved list of vendors that have agreed to participate in the program by accepting the vouchers that the Council issues. The Council does not specifically endorse any vendor on the list. The vendor selection is entirely up to the caregiver. If the voucher is for more than the cost of the goods or services desired, then the caregiver cannot get cash back. The Council will award up to \$1,000 per caregiver each year. The caregiver will present the voucher to the vendor and the vendor will render the goods or services and submit the voucher to the Council for payment. During FY 2007, 131 persons received benefits under this program.

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Non-urbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receive these funds for the State of Louisiana and passes them through to the Council via the St. Tammany Parish Government. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within St. Tammany Parish. Section 5311 funds are used as operating transfers to help pay for the costs incurred in providing transportation services under the Council's elderly transportation program within the Title III B Fund.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$3,825. The money received by this fund during the year was transferred to the Tide III C-2 Fund to supplement the nutrition services provided by this fund. The Governor's Office of Elderly Affairs provided these funds to the Council.

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Audit Fund

The Audit Fund accounts for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. Audit expenditures are charged to this fund up to the amount of the GOEA subsidy (\$3,626). The excess audit costs \$22,485 have been distributed to other funds and programs using the Council's indirect cost allocation formula.

Utility Assistance Fund

The Utility Assistance Fund accounts for the administration of utility assistance programs sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. The Council's general policy is to provide utility assistance of up to \$200 per eligible person per instance, not to exceed two instances per year. During the year, the Council was able to provide assistance in 82 instances for different people with these funds.

d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements - Accrual Basis

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements - Modified Accrual Basis

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within six months of the current fiscal year end, except for property tax revenues, which are accrued only if they are collected within 60 days of year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt,

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if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation is a cost that is not recognized in the governmental funds.

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid. In the government-wide financial statements, transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets.

f. Cash and Cash Equivalents

Cash and cash equivalents includes not only currency on hand, but also demand deposits and money market funds with banks or other financial institutions.

For purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

g. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. As of June 30, 2007 the Council had a \$75,000 certificate of deposit that was a non-participating interest-earning investment contract.

i. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be

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reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

j. Capital Assets

The accounting and reporting treatment used for capital assets depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment - other than computers	6 to 10 years
Vehicles	5 to 9 years
Computer equipment	5 years
Leasehold improvements	20 years
Buildings	20 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

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k. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements.

l. Unpaid Compensated Absences

The Council's policies for vacation leave permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the government-wide statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect. As of June 30, 2007, an amount is added to this total for Social Security and Medicare taxes.

In contrast, the governmental funds in the fund financial statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, payments for vacation leave will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. As a result no amounts have been accrued as fund liabilities as of year-end in the fund financial statements. The difference in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the government-wide financial statements relative to sick leave.

m. Advances from Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency.

n. Deferred Revenue

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when

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the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized.

o. Deferred Property Tax Revenue

Deferred property tax revenue represents taxes expected to be collected, but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. Deferred property tax revenues are reported as a liability in the Balance Sheet of the fund financial statements, but they are not presented anywhere on the Statement of Net Assets because the related revenues are recognized in the Statement of Activities using the full accrual method of accounting. Next year, when the deferred property tax revenues are collected by the Council, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized.

p. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- **Invested in capital assets** - This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- **Restricted net assets** - This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** - This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's policy is to use restricted resources first to finance its activities, except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often, unrestricted resources are available for use that must be consumed or they will have to be returned to the grantor agency. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.

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q. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors.

r. Management's Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

s. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant, contract, or donor restrictions.

t. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

(2) Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support, fund-raisers, and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

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(3) Revenue Recognition - Property Tax

During fiscal year 2000, the Council began receiving funds from a property tax adopted by the voters of St. Tammany Parish to provide money to finance the Council's operations. The St. Tammany Parrish Assessor began assessing the property tax on November 15, 1999, and will continue to do so each November 15 for ten years. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January preceding the annual levy date (Nov. 15th) will be used as the date to value the property subject to tax.

The gross assessed value as of January 1, 2006, of the certified roll was \$1,392,785,691. After applying homestead exemptions, supplemental accounts, and other reductions, the net assessed value upon which the Council's property tax was computed was approximately \$972,743,530. One mill is the maximum amount the Council may legally elect to assess property owners each year. The Council elected to have the Parish assess 100% of the one mill for tax year 2006. Accordingly, management has estimated the gross amount of property tax payable, excluding back tax settlements, to the Council for this fiscal year to be approximately \$972,744.

Property taxes are due on November 15 and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. However, due to Hurricane Katrina, the delinquency date and usual months of collection were pushed back one month this year. The St Tammany Parish Sheriff acts as the collection agent for property taxes and does not charge the Council any commission for performing this service. In an effort to collect all taxes due for the Parish, the Sheriff will have a "tax sale" each year. The tax sale date for St Tammany Parish for the 2006 tax assessment was July 13, 2007, and the tax liens were recorded on August 13, 2007.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$14,467 during July and August 2007 were accrued as this year's revenues. In addition, deferred property tax revenues of \$28,140 relating to the 2006 tax assessments were collected and recognized as revenue in the fund financial statements in FY 2007.

Property tax revenues in the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances include \$31,470 withheld by the Sheriff to make "on-behalf payments for fringe benefits," which represent the Council's pro rata share of retirement plan contributions for other governmental units. This amount has been included as a component of intergovernmental expenditures in the fund financial statements. For purposes of the government-wide Statement of Activities, property tax revenues of \$944,146 were reduced by \$31,470 withheld by the Sheriff for retirement benefits and administrative charges to produce net property tax revenue of \$912,676, which was a component of general revenues on that statement. Also, see the "On-behalf Payments for Fringe Benefits" footnote later in this report.

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(4) Cash and Cash Equivalents and Investments

Cash and Cash Equivalents

The Council maintains a consolidated operating bank account at Capital One Bank, which is available for use by all funds to deposit revenues and pay expenses. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. The Council also maintains another demand deposit account at Capital One Bank for making payroll disbursements and a savings account at Central Progressive Bank for easy access to funds should they be needed for operations.

The Council maintains nine petty cash funds of \$100 each at its various locations to pay for small, unexpected expenses that might arise during daily operations.

Cash Equivalents – LAMP

LAMP represents those assets held in the Louisiana Asset Management Pool (LAMP), a local government investment pool which is not categorized under GASB Codification Section 150.164 because the investment is in a pooled fund and thereby not evidenced by securities that exist in physical or book entry form. LAMP, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to provide immediate access to participants.

Restricted Cash

For purposes of the Statement of Net Assets, the cash and cash equivalents balance of \$1,164,068 is comprised of restricted cash of \$71,787 and unrestricted cash and cash equivalents of \$1,092,281. The restricted cash amount of \$71,787 also equals the sum of the restricted net assets in this statement. The Council has presented restricted cash as current assets in the Statement of Net Assets because it is available for use in current operations.

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Custodial Credit Risk

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Cash and cash equivalents are reported at their carrying value, which equals its fair value. As of June 30, 2007, the combined carrying amount of the Council's cash and cash equivalents on its books, including \$900 of petty cash, was \$1,164,068 whereas the related bank balances totaled \$1,153,447. The primary difference in these amounts relates to deposits made to and checks written on demand deposit accounts that have not yet cleared the bank accounts.

As of June 30, 2007, \$102,417 of the bank balances were insured 100% by federal depository insurance and \$229,475, which is uninsured, has been collateralized by Capital One Bank pledging securities. The securities are being held at the Federal Reserve Bank in New Orleans on behalf of the Council. The remaining \$821,555 is invested in LAMP money market funds which are backed by the U.S. Government.

Short-term Investments

The Council's primary purpose for investing is to earn interest income on money that management has determined to be in excess of immediate cash needs. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has elected to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. As of June 30, 2007, the Council had invested \$75,000 in a non-negotiable, certificate of deposit at a local bank. This certificate of deposit was insured 100% by federal depository insurance.

(5) Prepaid Expenditures/Expenses

As of June 30, 2007, total prepaid expenses/expenditures totaled \$21,064. Of this total \$8,432 was Workman's Compensation Premiums.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(6) Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balances 7/1/2006	Additions	Deletions	Balances 6/30/2007
Building	\$ -	\$ 629,592	\$ -	\$ 629,592
Vehicles	566,349	121,247	(39,920)	647,676
Office furniture & equipment	15,056	-	-	15,056
Computer equipment & software	6,148	2,668	-	8,816
Recreation equipment	-	-	-	-
Leasehold improvements	15,112	-	-	15,112
Nutrition equipment	5,149	-	-	5,149
Total Capital Assets	607,814	753,507	(39,920)	1,321,401
Less Accumulated Depreciation				
Building	\$ -	\$ 3,498		\$ 3,498
Vehicles	284,693	87,801	(39,920)	332,574
Office furniture & equipment	12,703	839		13,542
Computer equipment & software	4,095	1,295		5,390
Leasehold improvements	4,534	756		5,290
Nutrition equipment	2,871	510		3,381
Total Accumulated Depreciation	308,896	94,698	(39,920)	363,674
Capital Assets, Net of Depreciation	\$ 298,918	\$ 658,809	\$ -	\$ 957,727

Donated assets represent \$549 of the \$1,321,401 year-end total. Due to Hurricane Katrina, several assets were totally destroyed on August 29, 2005, including eight vehicles, office furniture and equipment, nutrition equipment, and damages to the Slidell senior center building. These assets have been disposed of and deleted from the Council's capital assets. The Council's management has reviewed the remaining capital assets and does not believe any of them to have been impaired as of year-end, except for two vans that were not operational as of June 30, 2007 and are awaiting sale.

Depreciation was charged to governmental activities as follows:

Administration	\$ 5,631
Supportive Services:	
Transportation	87,801
Senior Center Operations	756
Nutrition Services:	
Congregate meals	510
Total depreciation expense	
For governmental activities	<u>\$ 94,698</u>

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(7) Long-Term Debt

On April 27, 2007, the Council entered into a purchase agreement for agreement with Capital One, National Association for the Building located at South Front Street, Covington Louisiana. The promissory note is in the amount of \$522,000. The borrowings under the Agreement bear interest at a fixed rate of 6.750%.

The following presents debt service requirements of the long-term debt for each of the next five years and thereafter:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,744	\$ 35,114	\$ 55,858
2009	22,306	33,552	55,858
2010	23,881	31,977	55,858
2011	25,568	30,290	55,858
2012	27,295	28,563	55,858
2013-2017	168,656	110,635	279,291
2018-2022	232,604	42,019	274,623
	<u>\$ 521,054</u>	<u>\$ 312,150</u>	<u>\$ 833,204</u>

(8) Fund Balances - Fund Financial Statements

As of June 30, 2007, one special revenue fund had a remaining fund balance. Usually, the fund balances of the special revenue funds are cleared out as of June 30, 2007 to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies.

The Council has \$5,600 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B Fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

(9) In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

The Council received the following in-kind contributions during the year for its senior centers and meal sites, which management estimates the aggregate in-kind value to be \$128,430.

- The Covington senior center, "Hadden Hall," was furnished by the American Legion Post 16 without charge for rent, but the Council had to pay for the utilities, repairs, maintenance, and insurance.
- The Slidell Senior Center is furnished by the City of Slidell for an annual cost of \$1 for rent. However, the building was damaged by Hurricane Katrina on August 29, 2005 and the Center was closed for the rest of FY 2006. Following the hurricane, the Slidell senior center activities were moved to 60183 Bryan Road, Slidell, Louisiana, which was furnished free of charge by the Macedonia Church.
- The Lacombe meal site is furnished by the St. Tammany Parish School Board for an annual cost of \$1 for rent. However, it was also damaged by the hurricane and the Council was unable to use this location for about five months in FY 2006.
- The Mandeville meal site is furnished by the City of Mandeville without charge for rent and utilities.
- The Town of Pearl River furnishes the Pearl River meal site at no charge. Furthermore the Council is responsible for paying ½ of the utility bills.
- The Bush Meal Site is furnished by the Bush Fifth Ward Recreation District for an annual cost of \$1 for rent.
- The Folsom meal site is furnished by the Masonic Hall without charge for rent.

The Council and its qualified employees participate in the Louisiana Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administer the plan. The Plan is available to all Council employees who have worked at least six months. Participation is not mandatory. The plan permits participating employees to defer up to the lesser of (1) 100% of their taxable compensation or (2) \$14,000 (\$18,000 if over 50 years of age) per year. In addition, the Council will "match" any amount a participant defers up to 4% of the participant's salary. All amounts contributed to the plan by the employees and the Council is non-forfeitable thereby making them 100% vested by the employees. During the fiscal year, \$7,553 was contributed to the plan via employee salary deferrals. Matching amounts contributed by the Council were \$6,562. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. The Council does not guarantee the benefits of any amounts contributed to the Great-West Life and Annuity Insurance Company.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(10) On-Behalf Payments for Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law requires the Council to bear a pro-rata share of the pension expense relating to the public employees of St. Tammany Parish who participate in the Parochial Employees Retirement System. The Council's pro-rata share of the required contribution was \$30,947 that was withheld by the Sheriff from property tax collections to satisfy the Council's obligation. The amount withheld has been included as an "intergovernmental" expenditure of the General Fund in these financial statements. As described in Note 3, the Council increased its property tax revenues by the same amount of the intergovernmental expenditure. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

(11) Changes in Compensated Absences

For purposes of the Statement of Net Assets, the Council has presented all of its accumulated unpaid vacation leave as a current liability. This is because vested amounts are expected to be used before the end of the next fiscal year. In contrast, no liability for vacation leave has been presented in the Balance Sheet of the fund financial statements because vacation leave does not become a liability until the employee has made a request to use it or terminates employment with the Council. The following is a schedule of the net change that occurred in the Council's vacation leave account during the fiscal year.

Balance July 1, 2006	\$ 16,433
Net increase in vested leave	2,760
Balance at June 30, 2007	<u>\$ 19,193</u>

(12) Board of Directors Compensation

The Board of Directors is a voluntary board. Board members do not receive compensation. Board members can submit an expense request form for out-of-pocket expenses that are in accordance with the Council's travel reimbursement policy.

(13) Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 CB. 418.

(14) Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council as of June 30, 2007. The Management of the Council believes that any potential lawsuit is adequately covered by the Council's insurance or resolved without any material impact upon the Council's financial statements.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(15) Contingencies-Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable as of June 30, 2007 *might be impaired*. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

(16) Economic Dependency

The Council receives the majority of its revenue from a property tax assessment and through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/ or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Also, if the property in St. Tammany Parish were to be assessed at lower values due to *natural disaster or another unpredictable event*, the amount the Council receives annually from the property tax could be affected adversely. Management is not aware of any actions that will significantly affect the amount of funds the Council will receive in fiscal year 2008 relating to its property tax assessment or grant awards.

(17) Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; officer and directors' liability; business interruption; natural disasters; and volunteer liability. Except for business interruption and certain acts of God, the Council has purchased commercial insurance, with deductibles ranging from \$0 to \$1,000, to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(18) Lease and Rental Commitments

The Council leases its main office at 623 Plaza Drive, Covington, Louisiana. The monthly rent for the lease of this facility was \$2,475 through January 2006. The lease expired January 31, 2006 but the lessor and the Council agreed to extend the lease through January 31, 2007 at a monthly rate of \$2,652. The lease was continued on a month to month basis through June 2007. Total rent due and paid under this lease arrangement for FY 2006 was \$30,585. The Council has the option to continue the lease for an additional year or discontinue the lease on the anniversary date of each lease year (January 31). Terms of the lease required the Council to make a security deposit of \$1,400 at the inception of the lease, which was March 5, 2001. Other terms of the lease require the Council maintain liability insurance of at least \$300,000 that names the lessor as an additional insured. The Council is also responsible for paying the utilities. However, the lessor is responsible for repairs to the building.

On July 30, 1994, the Council entered into a 20 year lease with the City of Slidell whereby the Council will rent from the City for \$1 per year a building referred to as the Slidell Senior Citizens Center at 610 Cousin Street, Slidell, LA. The Council has the right to renew this lease for 10 additional years under the same terms and conditions. Either party may terminate the lease with 120 days written notice. The City will be responsible for any repair requiring labor and material of \$501 or more. The Council is responsible for normal operating costs, including water, telephone, utility, janitorial, and minor repair costs. The City will provide building and liability insurance coverage, whereas the Council must obtain coverage for its personal property. On August 29, 2005 Hurricane Katrina damaged this location extensively and the Council will not be able to use it until repairs are made by the City of Slidell. As a result of not being able to use this facility, the Council has relocated the senior center activities in Slidell to 60183 Bryan Road, Slidell, Louisiana. The Council does not have to pay any money to use this facility. No written lease exists, so the arrangement operates on a month to month basis.

On December 1, 1993, the Council entered into a one-year lease with the St. Tammany Parish School Board whereby the Council will rent from the School Board for \$1 per year a building at 27561 St. Joseph Street in Lacombe, Louisiana. The Council uses this building as a meal site for the elderly. There is a provision in the lease that at the end of each year it will automatically renew itself for another term of one year at the same rental and under the same terms. The renewal provision will continue indefinitely except that either party may cancel the lease upon thirty days notice. The Council is responsible for all repairs and utilities, whereas the School Board will pay for property taxes and insurance.

The Council leases from the American Legion Post No. 16 on a month-to-month basis a building, located at 106 S. Jahneke Avenue, Covington, Louisiana, to use as a senior citizens center and meal site facility. The facility is commonly referred to as "Hadden Hall". Terms of the lease do not require the Council to pay any rent, however, the Council is responsible for paying all operational costs, including utilities, repairs, maintenance, and insurance coverage on the building, its contents, and against liability.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

On October 17, 2001, the Council entered into a 5-year lease with the A.U. Peterson Lodge #455 F & AM (the Lodge) to rent at no charge a building referred to as the Masonic Hall (the Hall) at 13120 Cleveland Street, Folsom, Louisiana. The Council has the right to renew this lease for 5 additional years under the same terms and conditions. Either party may terminate the lease with 30 days advance written notice. The Council is responsible for making repairs or modifications to the Hall that are needed in order for the Council to serve the senior citizens. The Council must obtain approval from the Lodge to make any repairs or modifications. The Lodge is responsible for paying all utility bills, except that the Lodge can require the Council to pay for any utility costs that exceed the usual amount. Also, the Council can, at its cost, install a telephone system. The Council and Lodge are both responsible for maintaining property and liability insurance coverage relating to their respective uses of the facility. The Council uses the Center as a meal site for elderly residents in the Folsom area.

On September 19, 2000, the Council entered into a 5-year lease with the Bush Fifth Ward Recreation, Inc. (BFWR) whereby the Council will rent from BFWR for \$1 per year a building referred to as the Bush Recreation Center at 81605 Highway 41, Bush, Louisiana. The lease expired on September 19, 2005 but another written lease was not executed. Either party may terminate the lease with 30 days written notice. BFWR is responsible for making repairs to the Center once it is notified by the Council. The Council may make modifications to the Center with the written approval by BFWR. BFWR is responsible for all utility bills with the exception of a telephone service that the Council may install. The Council is also billed for the extra cost of a larger trash dumpster, which was obtained to meet the Council's needs. The Council is responsible for maintaining personal property and liability insurance coverage in addition to the coverage obtained by BFWR. The Council uses the Center as a meal site for elderly residents in the Bush area.

Total rent expenditures/expenses relating to the Council's use of the aforementioned buildings were \$30,585 for the fiscal year. This amount related 100% to the Council's main office. None of the other lessors enforced the \$1 per year annual rental requirement of their lease.

(19) Related Party Transactions

There were not any related party transactions during the year.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(20) Interfund Transfers - Fund Financial Statements

Operating transfers to and from are listed by fund for the fiscal year as follows:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ -	\$ 373,526
Title III C-1 Fund	-	282,803
Title III C-2 Fund	-	304,576
Title III D Fund	-	6,603
Title III E Fund	-	6,003
Alzheimer's Caregiver Assistance Fund	-	25,129
Total General Fund	\$ -	\$ 998,640
Title III B Fund:		
General Fund	\$ 373,526	\$ -
Section 5311 Fund	146,294	-
Nonmajor Funds - Senior Center Fund	108,550	-
Total Title III B Fund	\$ 628,370	\$ -
Title III C-1 Fund:		
General Fund	\$ 282,803	\$ -
Total Title III C-1 Fund	\$ 282,803	\$ -
Title III C-2 Fund:		
General Fund	\$ 304,576	\$ -
Nonmajor Funds:		
Supplemental Sr. Center Fund	3,100	-
NSIP Fund	71,862	-
Total III C-2 Fund	\$ 379,538	\$ -
Nonmajor Funds:		
Section 5311 Fund to the Title III B Fund	\$ -	\$ 146,294
Senior Center Fund to the Title III B Fund	-	108,550
Supplemental Sr. Center Fund to the Title III C-2 Fund	-	3,100
NSIP Fund to the Title III C-2 Fund	-	71,862
General Fund to the Title III D Fund	6,603	-
General Fund to the Title III E Fund	6,003	-
General Fund to the Alzheimer's Caregiver Assistance Fund	25,129	-
Total for Nonmajor Funds	\$ 37,735	\$ 329,806
Grand Totals	\$ 1,328,446	\$ 1,328,446

Transfers are used (a) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) to shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations or operational needs.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

(21) Interfund Receivables and Payables - Fund Financial Statements

Because the Council receives its grant revenues primarily on a cost reimbursement basis, it has to pay for costs using its General Fund money and then request reimbursement under the various grant programs. As a result, the manner in which cash is spent and received creates short-term interfund loans.

A summary of these interfund loans as of June 30, 2007 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Nonmajor Funds in the Aggregate	\$ 46,214	\$ -
Total for the General Fund	<u>\$ 46,214</u>	<u>\$ -</u>
Special Revenue Funds:		
General Fund	\$ -	\$ 46,214
Totals for the Special Revenue Funds	<u>\$ -</u>	<u>\$ 46,214</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY
GASB STATEMENT 34**

ST. TAMMANY COUNCIL ON THE AGING, INC.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 38,521	\$ 38,521	\$ 63,521	\$ 25,000
State Revenue Sharing	-	33,000	33,003	3
Office of Homeland Security and Emergency Preparedness	75,000	65,250	58,811	(6,439)
Local Governments	26,000	46,000	45,502	(498)
Property Taxes	735,225	891,585	962,443	70,858
Public Support - restricted	144,000	17,500	7,075	(10,425)
Public Support - unrestricted	-	13,823	11,236	(2,587)
Program Service Fees	10,000	-	9,475	9,475
Interest Income	18,800	33,745	51,493	17,748
Speical Events & Fundraising	-	10,451	10,451	-
Miscellaneous Income	-	-	5,112	5,112
Total Revenues	<u>1,047,546</u>	<u>1,149,875</u>	<u>1,258,122</u>	<u>108,247</u>
EXPENDITURES				
Current:				
Personnel	1,774	4,893	2,407	2,486
Fringe	548	1,230	629	601
Travel	23	113	56	57
Operating Services	1,352	7,291	2,163	5,128
Operating Supplies	4,441	21,488	13,092	8,396
Other Costs	3,344	4,525	1,727	2,798
Full Service	-	12,020	19,900	(7,880)
Debt Service	2,560	1,080	4,704	(3,624)
Capital Outlays	178,818	121,292	653,932	(532,640)
Intergovernmental	-	32,247	31,470	777
Total Expenditures	<u>192,860</u>	<u>206,179</u>	<u>730,080</u>	<u>(523,901)</u>
Excess of revenues over expenditures	<u>854,686</u>	<u>943,696</u>	<u>528,042</u>	<u>(415,654)</u>
OTHER FINANCING SOURCES (USES)				
Note payable proceeds	-	-	522,000	522,000
Operating transfers out	(854,686)	(943,696)	(998,640)	(54,944)
Total other financing sources and uses	<u>(854,686)</u>	<u>(943,696)</u>	<u>(476,640)</u>	<u>467,056</u>
Net increase (decrease) in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,402</u>	<u>\$ 51,402</u>
FUND BALANCE				
Beginning of year			1,164,222	
End of year			<u>\$ 1,215,624</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

BUDGETARY COMPARISON SCHEDULE - TITLE III B FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs - primary grant	\$ 106,495	\$ 106,495	\$ 173,298	\$ 66,803
Program Service Fees	5,000	5,900	1,295	(4,605)
Public Support - client contributions	-	-	5,975	5,975
Total Revenues	<u>111,495</u>	<u>112,395</u>	<u>180,568</u>	<u>68,173</u>
EXPENDITURES				
Current:				
Personnel	332,154	356,935	361,943	(5,008)
Fringe	102,605	89,739	94,641	(4,902)
Travel	2,292	5,623	5,803	(180)
Operating Services	148,270	172,499	173,381	(882)
Operating Supplies	65,861	64,116	103,092	(38,976)
Other Costs	3,935	7,634	20,664	(13,030)
Full Service	79,964	51,210	49,414	1,796
Capital Outlay	837	943	-	943
Total Expenditures	<u>735,918</u>	<u>748,699</u>	<u>808,938</u>	<u>(60,239)</u>
Excess of revenues over expenditures	<u>(624,423)</u>	<u>(636,304)</u>	<u>(628,370)</u>	<u>7,934</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	624,423	636,304	628,370	(7,934)
Total other financing sources and uses	<u>624,423</u>	<u>636,304</u>	<u>628,370</u>	<u>(7,934)</u>
Net increase (decrease) in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE				
Beginning of year			-	
End of year			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

BUDGETARY COMPARISON SCHEDULE - TITLE III C-1 FUND

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
			<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Accrual Basis</u>	<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs - primary grant	\$103,123	\$120,456	\$ 103,123	\$ (17,333)
Public Support - client contributions	15,000	33,000	22,350	(10,650)
Total Revenues	118,123	153,456	125,473	(27,983)
EXPENDITURES				
Current:				
Personnel	79,928	124,823	119,386	5,437
Fringe	24,690	31,382	31,217	165
Travel	3,265	5,314	7,879	(2,565)
Operating Services	23,553	40,224	43,982	(3,758)
Operating Supplies	4,205	5,112	8,472	(3,360)
Other Costs	1,469	3,871	9,257	(5,386)
Full Service	-	-	-	-
Meals	107,500	142,499	188,083	(45,584)
Capital Outlay	312	478	-	478
Total Expenditures	244,922	353,703	408,276	(54,573)
Excess of revenues over expenditures	(126,799)	(200,247)	(282,803)	(82,556)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	126,799	200,247	282,803	82,556
Total other financing sources and uses	126,799	200,247	282,803	82,556
Net increase (decrease) in fund balances	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Beginning of year			-	
End of year			\$ -	

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

BUDGETARY COMPARISON SCHEDULE - TITLE III C-2 FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs - primary grant	\$ 70,455	\$ 70,455	\$ 133,162	\$ 62,707
Public Support - client contributions	15,000	-	10,987	10,987
Total Revenues	85,455	70,455	144,149	73,694
EXPENDITURES				
Current:				
Personnel	212,666	144,842	135,774	9,068
Fringe	65,694	36,415	35,502	913
Travel	8,618	10,092	6,530	3,562
Operating Services	51,161	64,646	64,952	(306)
Operating Supplies	40,333	15,496	19,737	(4,241)
Other Costs	3,192	6,221	11,873	(5,652)
Meals	149,665	289,976	249,319	40,657
Capital Outlay	679	769	-	769
Total Expenditures	532,008	568,457	523,687	44,770
Excess of revenues over expenditures	(446,553)	(498,002)	(379,538)	118,464
OTHER FINANCING SOURCES (USES)				
Operating transfers in	446,553	498,002	379,538	(118,464)
Total other financing sources and uses	446,553	498,002	379,538	(118,464)
Net increase (decrease) in fund balances	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Beginning of year			-	
End of year			\$ -	

The accompanying notes are an integral part of this statement.

ST. TAMMANY COUNCIL ON THE AGING, INC.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1- BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- Management projects property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The revenue information supplied by GOEA and the Parish Assessor are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information has been obtained to project revenues and expenditures, the Council's executive director prepares a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting held before May 31 of the current fiscal year.
- The adopted budget is forwarded to GOEA for compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to GOEA and approved by that agency.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items in its budget as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this agency. As part of its grant compliance, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**SUPPLEMENTARY INFORMATION REQUESTED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

ST. TAMMANY COUNCIL ON THE AGING, INC.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

	Title III AAA	Title III D	Title III E	NSIP	Alzheimer's Caregiver Assistance	Senior Center	Supple. Senior Center	Audit	Section 5311	Utility Assistance	Totals
REVENUES											
Intergovernmental:											
Governor's Office of Elderly Affairs	\$49,043	\$ 7,927	\$57,380	\$71,862	\$ 79,533	\$136,300	\$3,100	\$3,626	\$ -	\$ -	\$408,771
St. Tammany Parish Government	-	-	-	-	-	-	-	-	146,294	-	146,294
Public Support (Restricted):											
Various utility companies	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	9,697	9,697
EXPENDITURES											
Health, Welfare, & Social Services:											
Current:											
Personnel	19,268	9,746	12,985	-	36,259	18,540	-	-	-	-	96,798
Fringe	5,038	2,548	3,395	-	9,481	4,848	-	-	-	-	25,310
Travel	446	40	54	-	685	168	-	-	-	-	1,393
Operating Services	17,313	1,565	2,086	-	11,275	2,989	-	-	-	-	35,228
Operating Supplies	3,335	302	402	-	2,172	576	-	-	-	-	6,787
Other Costs	3,643	329	439	-	2,373	629	-	3,626	-	-	11,039
Full Service	-	-	44,022	-	-	-	-	-	-	-	44,022
Utility Assistance	-	-	-	-	-	-	-	-	-	8,533	8,533
Caregiver Vouchers	-	-	-	-	42,417	-	-	-	-	-	42,417
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	49,043	14,530	63,383	-	104,662	27,750	3,100	3,626	-	8,533	271,527
Excess of revenues over (under) expenditures	-	(6,603)	(6,003)	71,862	(25,129)	108,550	(3,100)	-	146,294	1,164	293,235
OTHER FINANCING SOURCES (USES)											
Operating transfers in	-	6,603	6,003	-	25,129	-	-	-	-	-	37,735
Operating transfers out	-	-	-	(71,862)	-	(108,550)	(3,100)	-	(146,294)	-	(329,806)
Net increase in fund balance	-	-	-	-	-	-	-	-	-	1,164	1,164
FUND BALANCE											
Beginning of year	-	-	-	-	-	-	-	-	-	4,436	4,436
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,600	\$ 5,600

ST. TAMMANY COUNCIL ON THE AGING, INC.

COMPARATIVE SCHEDULE OF CAPITAL ASSETS

AND CHANGES IN CAPITAL ASSETS

For the year ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<u>Capital Assets</u>				
Building	\$ -	\$ 629,592	\$ -	\$ 629,592
Vehicles	566,349	121,247	(39,920)	647,676
Office furniture & equipment	15,056	-	-	15,056
Computer equipment	6,148	2,669	-	8,817
Nutrition equipment	5,149	-	-	5,149
Leasehold improvements	15,112	-	-	15,112
Total capital assets	<u>\$ 607,814</u>	<u>\$ 753,508</u>	<u>\$ (39,920)</u>	<u>\$ 1,321,402</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
FTA	\$ 271,008	\$ 57,102	\$ (27,944)	\$ 300,166
Local Funds:				
Van Fundraisers	28,281	-	(11,976)	16,305
General Fund	305,626	696,406	-	1,002,032
Covington - Hadden Hall	1,125	-	-	1,125
Slidell Senior Center Building Fund	1,225	-	-	1,225
In-kind Donations	549	-	-	549
Total investment in capital assets	<u>\$ 607,814</u>	<u>\$ 753,508</u>	<u>\$ (39,920)</u>	<u>\$ 1,321,402</u>

**SUPPLEMENTARY FINANCIAL INFORMATION
REQUIRED BY OMB CIRCULAR A-133**

ST. TAMMANY COUNCIL ON THE AGING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2007

Federal Grantor/Pass-Through Grantors/ Program or Cluster Title	Federal CFDA Number	Grant Year Ended	Program or Award Amount	Federal Revenue Recognized	Federal Expenditures
U.S. Department of Health and Human Services - Administration on Aging Passed through the Governor's Office of Elderly Affairs:					
Aging Cluster of Special Programs for the Aging:					
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	6/30/2007	\$ 106,495	\$ 106,495	\$ 106,495
Subtotal CFDA #93.044			106,495	106,495	106,495
Title III, Part C - Nutrition Services	93.045	6/30/2007			
Area Agency Administration Component			36,782	36,782	36,782
Part C-1 - Congregate Meals Component			103,123	103,123	103,123
Part C-2 - Home Delivered Meals Component			70,455	70,455	70,455
Subtotal CFDA #93.045			210,360	210,360	210,360
Nutrition Services Incentive Program	93.053	6/30/2007	77,900	71,862	71,862
Total Aging Cluster (CFDAs 93.044, 93.045, & 93.053)			394,755	388,717	388,717
Other Special Programs for the Aging:					
Alzheimer's Disease Demonstration Grants to States	93.051	6/30/2007	79,533	79,533	79,533
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	6/30/2007	7,927	7,927	7,927
Title III, Part E - National Family Caregivers Support Program	93.052	6/30/2007	43,035	43,035	43,035
Totals for U.S. Department of Health and Human Services - Administration on Aging			525,250	519,212	519,212
U.S. Department of Transportation, Federal Transit Administration Passed through the Louisiana Department of Transportation and Development:					
Public Transportation Discretionary Capital Assistance for the Urbanized and/or Non-urbanized Area (Section 5309) - non-cash: (State project # 741-99-0162) (Federal project # LA-03-0113):	20.500	6/30/2007	57,102	57,102	57,102
Public Transportation Operating Assistance Program for the Non-urbanized Area of St. Tammany Parish (Section 5311): (State project # 741-52-0005) (Federal project # LA-18-X024):	20.509	6/30/2007	146,294	146,294	146,294
Total for U.S. Department of Transportation, Federal Transit Administration			203,396	203,396	203,396
U.S. Department of Homeland Security, Federal Emergency Management Agency Passed through the State of Louisiana - Disaster Assistance Grants	97.036	6/30/2007	65,135	65,135	65,135
Passed through the State of Louisiana Department of Transportation and Development - Supplemental Emergency Transportation Grants	97.UNK	6/30/2007	20,002	20,002	20,002
Total for U.S. Department of Homeland Security, Federal Emergency Management Agency			85,137	85,137	85,137
Total Federal Grants			\$ 813,783	\$ 807,745	\$ 807,745

Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Tammany Council on the Aging, Inc. and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Note B - The St. Tammany Council on the Aging, Inc. did not pass-through any of its federal awards to a subrecipient during the year.

Note C - No federal awards were expended in the form of non-cash assistance during the fiscal year.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
St. Tammany Council on the Aging, Inc.

We have audited the financial statements of the St. Tammany Council on the Aging, Inc. (the Council) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, the results of our tests disclosed an other matter that is required to be reported and which is described in the accompanying schedule of findings and questioned costs as item 2007-2.

The Council's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Council's responses and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
December 28, 2007

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,
St. Tammany Council on the Aging, Inc.

Compliance

We have audited the compliance of the Board of Commissioners of the St. Tammany Council on the Aging, Inc. (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A control deficiency in the Council's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to administer a federal program such that there is more than a remote likelihood that a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Council's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
December 28, 2007

ST. TAMMANY COUNCIL ON THE AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I-SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? ☒ Yes ☐ No

Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements notes? ☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

U.S. Department of Health and Human Services – Administration on Aging
Aging Cluster for Special Programs for the Aging:
Title III, Part B – Grants for Supportive Services and Senior Center; CFDA # 93.044
Title III, Part C – Nutrition Services; CFDA # 93.045, and
Nutrition Services Incentive Program; CFDA # 93.053

Dollar threshold used to distinguish between types A and B programs: \$300,000

Audit qualified as low-risk auditee: ☒ Yes ☐ No

ST. TAMMANY COUNCIL ON THE AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II-FINANCIAL STATEMENT FINDINGS

2007-1 INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition: General ledger account reconciliations for some significant accounts or transaction classes were not performed in a timely manner.

Criteria: The definition of internal controls over financial reporting is that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the Council is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Our responsibility under current audit standards requires us to communicate this issue to management and the Board of Directors.

Effect: During the course of our audit procedures we identified significant adjusting entries to general ledger accounts. Due to the significance of the financial statement adjustments, this is an indication that the internal control over financial reporting of the Council meets the definition of a significant deficiency. We believe that this finding reaches the level of a material weakness.

Cause: Management does not have adequate experienced staffing to perform reconciliations of the general ledger accounts in a timely manner.

Auditor's recommendation: All significant general ledger accounts should be reconciled in a timely manner and reviewed by management. This review should be documented.

Management response: Management concurs with the finding and will implement corrective measures.

2007-2 UNAUTHORIZED TRANSACTION

Condition: During testing of 40 disbursements, one transaction was noted that included \$205 for an airline ticket purchased in the name of an employee's relative.

Criteria: All disbursements made by the Council must be properly authorized by an appropriate person and be for reasonable and necessary expenses.

Effect: The Council made a disbursement for an unauthorized transaction.

Cause: The supporting documentation for the transaction was not reviewed in its entirety.

Auditor's recommendation: Supporting documentation for all disbursements should be completely reviewed by an appropriate person.

Management response: Management concurs with the finding and will implement corrective measures.

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

ST. TAMMANY COUNCIL ON THE AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

SECTION IV- PRIOR YEAR MANAGEMENT LETTER (ISSUED BY ANOTHER AUDITOR)

2006-1 Findings That Were Reported to Management in the FY 2004 and FY 2005 Audits Were Not Corrected and Repeated Themselves in the FY 2006 Audit

Recommendation: Management should modify the Council's current practices to eliminate the findings. The executive director should assign responsibility to specific individuals to see that the necessary corrective action is taken. The board should request the executive director report upon the action that was taken to remedy the findings.

Current Status: Partially Resolved

2006-2 Personnel Policies Need to be Revised to Reflect Actual Practices and Clarified to Eliminate Multiple Interpretations

Recommendation: In developing a revised set of personnel policies management should consult with GOEA, other COAs , and an attorney well versed in personnel practices of quasi-public entities.

Current Status: Partially Resolved

2006-3 Various Design and Procedural Compliance Errors Were Noted During The Audit

Recommendation: Management should review the list of various design and procedural compliance errors and use it as a means to take specific action to prevent reoccurrence of each item. The executive director should assign specific individuals to attend to each item with a specified time table for corrective action. The board should follow up to ensure these items have been addressed.

Current Status: Partially Resolved